

Weekly Economic Review

Manufacturing shipments ramp up in 2014

Manufacturing Shipments

Shipments surge above 2013 levels
Alberta's manufacturing shipments held near their March levels in April, but jumped by 10.7% on a year-over-year (y/y) basis, the second consecutive month of double-digit annual growth. Sales of petroleum & coal products were largely responsible for the year-over-year increase, rising +25.9%. Shipments of food products and machinery manufacturing also had stellar growth. Wood product manufacturing saw the most significant year-over-year decline, down 6.3%. Manufacturing shipments are still below the all-time high in 2008, though just barely.

Housing Starts

Starts slump in May

May housing starts in Alberta dropped 14.5% from April to 33,945 SAAR, an 8 month low and a decrease of 19.5% from May 2013. Despite the drop, year-to-date housing starts remain strong, up 4.6% from the same period last year. There was a substantial drop in urban multi-family housing starts, while urban single housing starts were unchanged from May 2013. Calgary housing starts saw a large drop in April and were down 3.2% y/y, after showing strong growth in the first four months of 2014. Edmonton's housing starts were down 35.1% y/y because of exceptionally high starts in May 2013.

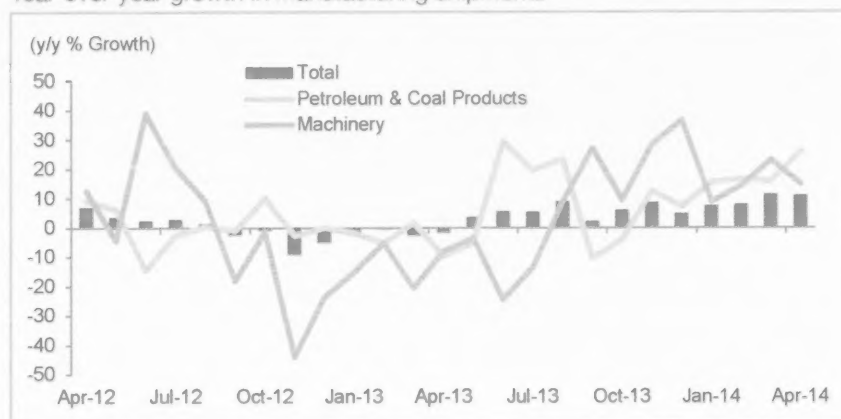
Crude Oil and Natural Gas

Production climbs higher

Alberta's production of crude oil continues to climb. In March, total production grew 5.4% y/y, led by increasing output of light & medium oil and crude bitumen. Crude bitumen saw the largest increase, rising 17.6%

y/y. Production of synthetic crude oil fell 3.9% y/y, though year-to-date production was up 1.4% over a year ago. Meanwhile, natural gas production increased 10.9% y/y. Strong demand interprovincially due to an abnormally high number of heating degree days across Canada throughout the winter months has drawn down storage and lifted prices and production higher.

Chart 1: Broad-based growth in manufacturing shipments
Year-over-year growth in manufacturing shipments



Source: Statistics Canada

Chart 2: Housing starts pullback in May, while prices continue to climb
Growth in housing starts and new housing price index



Source: Statistics Canada; CMHC

New Motor Vehicle Sales

Sales idle in April

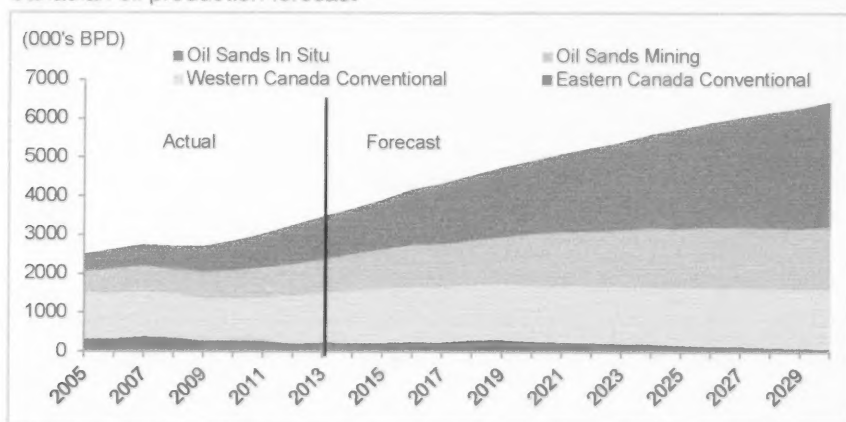
Vehicle sales in Alberta are showing signs of slowing after rapid growth in the previous four years. The number of vehicles sold in April was down 0.6% year over year, and sales over the first four months of 2014 were down 0.4% over the same time last year. The growth was pulled down by sales in passenger cars, which fell 12.5% y/y. Sales of trucks continues to grow, up 3.3% y/y in April. Even with the decrease in unit sales, the total amount paid for new vehicles increased by 2.0% from the same month last year. In April, Albertans paid an average of \$40,277 per new vehicle.

Chart 3: After strong growth, new motor vehicle sales shift into neutral
Average vehicle value and year-over-year change in vehicle sales



Source: Statistics Canada

Chart 4: Oil sands drives production growth
Canadian oil production forecast



Source: CAPP

Teranet – National Bank House Price Index

Strong price growth

According to the Teranet – National Bank House Price Index, Edmonton house prices in May increased by 2.6% over the same month last year, while prices in Calgary increased by 8.7%. House prices in Edmonton are still less than the 2007 peak, unlike prices in Calgary, which have fully recovered. The composite index for 11 major Canadian cities rose 4.6% y/y.

New Housing Price Index

Prices show consistent growth

The New Housing Price Index (NHPI) for Alberta increased 3.4% y/y in April. Calgary posted the largest growth of any major Canadian city by a wide margin, with an increase of 7.6% y/y. Edmonton continues to show little growth, with prices falling 0.5% y/y. House-only NHPI grew by 4.0% y/y, while land-only NHPI grew by a more modest 2.1% y/y. At the national level, the NHPI in April increased by 1.6% over the same month last year.

CAPP Forecast

Oil sands to more than double production by 2030

The Canadian Association of Petroleum Producers (CAPP) expects that Canadian oil production will hit 6.4 million barrels per day (bpd) by 2030, up from 3.5 million bpd in 2013. Growth will be driven by the oil sands, where production is expected to jump 2.5 fold to 4.8 million bpd over the same period. CAPP slightly revised down its forecast for oil sands output in 2030 by 400,000 barrels per day (bpd), citing "cost competitiveness and delays in project schedules".

Contact

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Please see the [Alberta Economy- Indicators at a Glance](#) for a snapshot of Alberta indicators.